



COMMITTEE ON THE BUDGET

Majority Caucus
U.S. House of Representatives
Jim Nussle, *Chairman*

309 Cannon House Office Building
Washington, DC 20515 • (202) 226-9844
James T. Bates, *Chief of Staff* • www.budget.house.gov

PRESS RELEASE

For Immediate Release:
August 17, 2006

Contact: Angela Kuck
202-226-9844

Deficit Estimate Drops to \$260 billion *CBO Confirms Improved Budget Picture for 2006*

In another round of improving budget news, the Congressional Budget Office [CBO] today formally reduced its budget-deficit estimate for 2006 to \$260 billion – a decline of \$76 billion from their March estimate. CBO confirmed that surging federal revenues, generated by strong economic growth, had reduced the deficit to its lowest level in four years.

This revised estimate is sharply lower than the \$296 billion figure announced by the Administration's Office of Management and Budget [OMB] in its estimate released last month, and *includes* the effects of Hurricane Katrina recovery efforts and supplemental costs for operations in Iraq and Afghanistan.

CBO's report also underscores the need for further restraint of rapidly expanding entitlement costs, which will otherwise consume ever-growing shares of government resources.

“Thanks to pro-growth policies and a responsible budget blueprint, we're achieving substantial deficit reduction – even with the extraordinary circumstances of the past year, including Hurricane Katrina and the ongoing War on Terror. We're clearly on the right track, but we've got to remain diligent in our efforts to restrain federal government spending to ensure this trend continues in the longer-term,” said House Budget Committee Chairman Jim Nussle (R-IA).

CBO's *Budget and Economic Outlook: An Update* is an annual mid-year update of the nation's economic and fiscal outlook, and contains revised estimates of the budget deficit, receipts, outlays and budget authority for fiscal years 2006-2016 under current policy and economic conditions.

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